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ABSTRACT

With numbers estimated as high as 70 million, Generation Y (also known as the Millennials) is the fastest growing segment of today's workforce. But they are also demanding consumers with characteristics firms ought to understand for better capture the value they may also be able to provide. This paper aims at understanding better what the millennials profile is in terms of buying behaviour and proposes a model for the development of millennial digital marketing strategies that can be useful both, to firms and academics, to anchor more efficient marketing strategies.

Keywords: millennials, generation Y, generational cohort, digital marketing, segmentation.

INTRODUCTION

This essay aims at providing an overview regarding the latest generational cohort: the Millennials (also known as Generation Y). The approach is based on research and analysis of existing literature on the subject, specifically relevant to concept of Marketing for the Millennials. First of all, a context is given regarding Generational Cohorts, its definition, and the different cohorts considered by authors. The research then proceeds to cast the spotlight on the Millennial cohort – who they are, and what are their values, and their relation with digital media. It continues to try and define the Millennial as a consumer, what it means to do Marketing for this cohort, and concludes by looking at Digital Marketing Strategies for this new generation.

LITERATURE REVIEW

Generational Cohorts

Beldona et al. (2009, cited by Eastman and Liu, 2012) referred to Generational Cohorts as “a group of individuals with shared similar experiences and unique common characteristics around these experiences” (p. 94). It would be easy to assume that a generation would be mainly defined by a chronological factor, but Howe and Strauss (1992, cited in Rivera and Huerta, 2006), suggest that a generation is not defined merely through a time-span. They suggest that these cohorts are defined by Generational markers that involve the whole social, economic, and technological environment, as well as the most influential historical events of a period of time.

The same Huerta and Rivera (2006), enumerate the different generational cohorts of the 20th century: “Greatest Generation (GI) 1901-1924; Traditionalists 1925-1945; Baby boomers 1946-1960; Generation X 1961-1980; and Millennials 1981-present”. Although this is one suggested categorization, other authors suggest different time-spans for these generations. To the effects of this contextualization Huerta and Rivera’s timeframes will be assumed as valid. Also, only the last 3 generations will be considered, for these are the main generations that are currently interacting with each other in both the educational and professional world (Huerta and Rivera, 2006), and also in the marketplace.

The Baby Boomers are intrinsically linked with the end of World War II. With the return of soldiers to their homes in great masses, social measures were taken to facilitate their reintegration, specifically the lowering of interest rates, and educational advantages¹. This led to an increase in marriage and childbirth, at astonishing rates (Marples & Abney 2006). Baby boomers are considered “to be independent and individualistic”, and are now approaching retirement, and therefore “are looking for new opportunities for personal growth and self-expression” (Littrell et al. 2005). Reisenwitz and Iyer (2007) (cited in Eastman and Liu, 2012) also suggest that as this generation gets older, they don’t hold back, and are not afraid to spend their money.

Generation X is a “well-educated cohort who has confidence in the power of education” (Littrell et al. 2005), and are also pragmatic and realistic (Eastman and Liu, 2012). Lyons et al. (2005), defend that the biggest generational markers for this cohort are the “diminishing birth rates, increasing divorce rates, government fiscal restraint, economic recession and high rates of unemployment”. The authors go on to say that “Generation

¹ <http://www.u-s-history.com>, 21 January 2013

Xers place an emphasis on the social aspects”, giving the example of the workplace, where this cohort values the possibility of establishing friendly relations.

The Millennials

The Millennials (a.k.a. Generation Y) are the generational cohort constituted by people born after 1981 (Huerta & Rivera, 2006). The main generational mark for this cohort is the fact that it is the first to grow up in the digital world. It’s also highly influenced by economic well-being, and the globalization phenomenon. Eastman and Liu (2012), based on previous literature, present a series of characteristics that help define the Millennial individual: familiar with high-tech, consumption-oriented, socially and ecologically aware, acceptant of multiculturalism, objective, goal-oriented, and values relationships. They also point out that this is the most “protected and indulged generation” and therefore has “an inability to delay gratification (Tucker, 2006, cited in Eastman & Liu, 2012).

Although they are greatly influenced by their parents and relatives, Generation Y’s values differ from the earlier cohorts. Millennials are the first to see themselves as global citizens, and according to Hewlett et al. (2009) their values are linked with ambition, loyalty, “multicultural ease”, environmental awareness, and networking savvy.

Young & Hinesly (2012, p. 147) try and profile the Millennials and present the following characteristics: “confident and self-reliant; technologically savvy and connected; open to change and diversity; closely connected to family and social organizations; service oriented; effective at multitasking; and expectant of immediate access to information”.

The Millennials and digital media

The Millennial generation is intrinsically connected with digital media, and this, in relation to the fact that this cohort values social work values more than Generation X (Lyons et al. 2005), casts some clarity on why Hewlett et al. (2009) states that social networks are vital to Millennials. This may have to do with the fact that they “are more active at integrating technologies into their daily lives” (Moore, 2012, p.441) than previous generations, but it’s also highly influenced by the standardization of mobile technologies that allow people to be online wherever they are.

Although Millennials welcome the benefits brought forward by social networks in social communication, they also “use their mobile device and traditional internet means to connect to retailers or brands”, not being afraid to acknowledge these technologies as marketing channels (Moore, 2012, p. 441).

The Millennials as consumers

As referred previously the millennials are tech-savvy, eco-aware, objective, deeply social, and high consuming individuals. Although these characteristics already cast some light on how they behave as consumers, it is their need for “status consumption”, their relation with brands, and their tendency to leverage on online collective intelligence that better defines their behavior.

Eastman et al. (1999, p. 94), defined status consumption as “the “tendency to purchase goods and services for the status or social prestige value that they confer on their owners” (cited in Eastman & Liu 2012). In 2012, the same authors concluded that the need

for status consumption was greater in the millennial cohort than previous generations, although the difference is only significant between Gen Y, and Baby Boomers. They also concluded that status consumption is homogenous (through gender, income, education, etc), and therefore suggest that generational segmentation is extremely useful.

This can be translated into how they relate with brands. The millennial individual will look to leverage a brand in order to strength its personal image. They will look for strong and clear brands that will carry a perception among their peers (Benson, 2004). They are also very concerned with “instant gratification” (Barton et al. 2012) and therefore will choose brands that simplify and expedite processes.

Another important aspect of the millennial consumer is that it values opinions of peers or friends over expert counselling or any information they feel can in some way influenced through corporate channels; 50% of U.S. Millennials reported use of mobile devices for consulting consumer reviews while shopping (Barton et al. 2012). They also consider Word of mouth to be more important than advertising (Allsop et al. 2007, cited in Smith, 2012), and look for opinions from people perceived to be similar to the them, in order to make their buying decision.

Marketing for the millennial generation

According to Crang (2012), Millennials are the most difficult audience to target though television advertisement. The author goes on to state, based on empirical evidence, that digital ads are more effective amongst this cohort than television ads. It is important to understand that marketing for Millennials, is almost indissociable from digital marketing. According to a study conducted by eMarketer (2010), cited by Smith, 2012) mem-

bers of this cohort talk about products and services online more than other generations, and 56% of Millennials do so through social networks.

Walter (2012) provides some helpful quantitative insights into the Millennial consumer, that should be taken into account when developing marketing strategies for this cohort, specifically regarding “brand awareness”, “gadget ownership”, “technology usage”, “mobile phone usage”, and “privacy”. Information like “93% of teens with a desktop or laptop computer use the device to go online”, “80% use 2 or more devices simultaneously while watching TV”, or “71% report having liked a brand on Facebook just to receive an offer”, helps understand that a shift in channels and paradigm is needed in order to effectively engage with consumers from this generation.

Another relevant subject when it comes to marketing for millennials, is whether or not to use generational cohorts as a variable for segmentation. As stated earlier, Eastman and Liu (2012), defend that the results of their research show that, at least for status consumption, segmenting through generational cohorts, proves more effective than segmenting through gender, income, or education. They go on to suggest an approach based on “promotional campaigns which emphasize the social aspect of consumption in that their choices will win the approval of relevant others” (p. 102). On the other hand, Gurau (2012, p. 113) states that “segmenting this consumer group based on generational cohort alone is not feasible”, and illustrates with the example of millennial college students; although in a first perspective it may look like a homogenous group, when analyzed in more detail, different cultures, incomes, and social depth can be identified. The author goes on to suggest that although useful generational cohort segmentation should be complemented with other “segmentation methods, such as the consumer life-stage model” (p. 110).

CONCEPTUAL MODEL PROPOSED

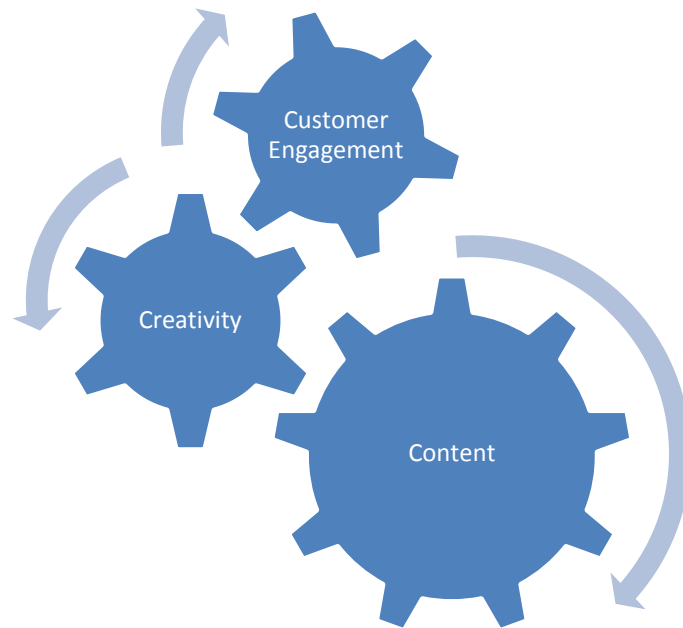
Digital marketing strategies for Millennials

If marketers want to successfully target Millennials, they will have to re-think where and how this should be done. The biggest difference for millennials is the shift in the main communication channels. In order for companies to actively engage with Gen Y consumers, they will have to join them in their territory – “the digital arena” (Eastman & Liu, 2012). The authors go on to state a number of guidelines for the development of digital marketing strategies for this cohort. First, be very careful in digital advertising – although digital coupons, or e-mail updates may still be effective, pop-up ads are despised by millennials, and Youtube ads are “decreasing in effectiveness”. Second, invest in online image – millennials care about the graphic aspect of a company’s online presence, so these shouldn’t hold back when it comes to investing in an eye-catching website. Third, personalize your website – millennials like so feel a “personal touch”, and this makes it easier for them to relate with the company. Fourth, leverage on consumers to generate content – use coupons or discounts to incentive millennials to write online reviews, as these reviews can be very useful to attract new millennial customers.

Finally, Crang (2012) suggests two helpful notions to the development of millennial digital marketing strategies: “Employ Strong Creativity” – based on comScore’s research the author defends that “over half of a campaign’s impact on sales is due to creative strength”; and “Place Ads around Engaging Content” – “content in which an adver-

tisement is embedded can have a significant impact on the advertisement's effectiveness".

Figure 1 – The 3 C's Model of Millennials Brand Awareness



Based on these findings, a bilateral relationship model (see Figure 1 above) is suggested, and proposed for empirical testing, that relates creativity, content, and customer engagement. Our understanding is that the more creative the communication efforts are, the more interesting the content becomes, and therefore customers become more engaged with the brand. On the other hand, consumers should receive incentives to engage and contribute in content creation, once this can be used as source for creativity. Creativity should be extended to both the content creation process and the way that it is delivered to the target. Ultimately, it is proposed that digital marketing efforts aimed at millennials should look to create creative and interesting content, by leveraging user-generated content, and look for innovative ways to deliver it.

CONCLUSION

As the millennials become a more interesting target audience, giving the correct attention to each of these aspects, may play a crucial role in increasing brand awareness and sales revenues.

These are just some guidelines for the development of strategies for this cohort, and due to the constant change in high-tech, and due to the fact that the millennials are still very young, this topic is still in need of further development, and theoretical consensus.

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